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Message Text

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62
ACTION EA-14

INFO OCT-01 EUR-25 ADP-00 AID-20 EB-11 NSC-10 RSC-01

CIEP-02 TRSE-00 SS-15 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 DODE-00 PA-03 USIA-15 PRS-01 DOTE-00 RSR-01

/168 W
---------- 089258
R 292215Z AUG 73
FM AMEMBASSY CANBERRA
TO SECSTATE WASHDC 1581
INFO AMCONSUL BRISBANE UNN
AMEMBASSY LONDON
AMCONSUL MELBOURNE
AMCONSUL PERTH UNN
AMCONSUL SYDNEY
AMEMBASSY TOKYO

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EO 11652: N/A
TAGS: EIND, ETRD, ETRN, AS
SUBJ: CABINET APPROVES PLAN TO REORGANIZE
AUSTRALIAN AUTOMOBILE INDUSTRY.

1. PRIME MINISTER WHITLAM HELD PRESS CONFERENCE IN CANBERRA AUGUST 28 DURING WHICH HE ANNOUNCED NUMBER OF CABINET DECISIONS SEVERAL OF WHICH OF ECONOMIC IMPORTANCE. THESE INCLUDED:
A. APPOINTMENT OF PRESIDENT OF ACTU, MR BOB HAWKE, TO BOARD OF RESERVE BANK, AUSTRALIAN EQUIVALENT OF THE FED.
B. ESTABLISHMENT OF AN EXPORT BANK.
C. OTHER DECISIONS RELATING TO OVERSEAS BORROWINGS BY PAPUA NEW BUINEA, POLLUTION OF THE SEA, REVALUATION ASSISTANCE TO INDUSTRY, AND AN INTERIM COMMISSION FOR
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CONSUMER STANDARDS.

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2. MOST IMPORTANT FROM VIEWPOINT U.S. INTERESTS, HOWEVER, WAS ANNOUNCEMENT OF PLAN TO REORGANIZE AUSTRALIAN AUTOMOBILE INDUSTY. WHITLAM AND MINISTER SECONDARY INDUSTRY CAIRNS SAID GOVERNMENT PLANT TO:
A. INVITE TWO JAPANESE AUTO FIRMS, NISSAN AND TOYOTA, TO SET UP MANUFACTURING PLANTS IN AUSTRALIA WITH HIGH LEVEL AUSTRALIAN INVESTMENT AND POSSIBLE GOA PARTNERSHIP.
B. SEEK AUSTRALIAN EQUITY IN EXISTING AUTO MANUFACTURING COMPANIES -- GM (HOLDEN), FORD, CHRYSLER AND BRITISH LEYLAND.
C. INVESTIGATE POSSIBILITY GOA ITSELF MANUFACTURING AUTOMOBILES AT GOVERNMENT AIRCRAFT FACTORY AT FISHERMAN'S BEND.
D. ASK ALL CAR MANUFACTURERS IN AUSTRALIA TO COMPLY WITH GOR RULES ON AUSTRALIAN CONTENT, SAFETY AND ANTI-POLLUTION, REDUCTION OF NUMBER OF MODELS, AND LOCATION OF PLANTS FOR SOCIAL, EMPLOYMENT AND ENVIRONMENT PURPOSES.
TARIFF BOARD HAS BEEN ASKED TO MAKE AN URGENT REPORT BY OCTOBER 31 ON WAYS OF IMPLEMENTING GOA AIMS.

3. PM REPORTED AS STATING PROPOSALS WOULD PRODUCE BOTH BETTER AND CHEAPER CARS FOR AUSTRALIA WHILE CAIRNS, IN ODDLY CONTRADICTORY FASHION, WARNED HE DID NOT EXPECT SUBSTANTIAL PRICE REDUCTIONS. CAIRNS ALSO CONCEDED GMH, FORD AND CHRYSLER HAD ALREADY INDICATED OPPOSITION BUT LAYLAND "MORE AMENABLE".

4. COMMENT: IT IS DIFFICULT TO DETERMINE ECONOMIC RATIONALE FOR PROPOSAL TO BRING TOTAL NUMBER OF PROTECTED AUTOMOBILE MANUFACTURERS IN THIS SMALL (500,000 UNITS A YEAR) MARKET TO TOTAL OF SIX AND POSSIBLY SEVEN.INDUSTRY ALREADY SUFFERING FROM LOW PRODUCTIVITY AS RESULT OF SHORT PRODUCTION RUNS WITH PRICES OF U.S. SUBSIDARIES' PRODUCTS TO AUSTRALIAN USERS RUNNING TWICE THAT OF U.S. EQUIVALENTS. NEW POLICY ALSO RUNS COUNTER TO ANNOUNCED LABOR POLICY OF STIMULATING DOMESTIC INDUSTRIAL EFFICIENCY BY ENCOURAGING COMPETITION FROM IMPORTS. ANSWERS UNDOUBTEDLY NOT TO BE FOUND IN TERMS ECONOMICS BUT RATHER ECONOMIC NATIONALISM APPLIED TO INDUSTRY CRUCIAL TO LABOR
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INTERESTS.
GREEN

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NNN

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